

Message Text

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61

ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01 AGR-20

SWF-02 FEA-02 INT-08 CU-05 HEW-08 DRC-01 /209 W

----- 074858

R 182209Z SEP 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 4883

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

UNCLAS BOGOTA 8375

EO 11652: NA

TAGS: AFIN, ENRG, CO

SUBJ: GOC ISSUES DECREES UNDER EMERGENCY POWERS

REF: BOGOTA 8333

1) LOPEZ ADMINISTRATION ISSUED FIRST TWO DECREES SEPTEMBER 17 UNDER NEW STATE OF ECONOMIC EMERGENCY POWERS. FIRST DECREE PROVIDES THAT MOST STATE-OWNED COMPANIES WILL BE SUBJECT TO ALL NORMAL TAX REQUIREMENTS INCLUDING INCOME TAX AND CUSTOMS DUTIES. EXCEPTIONS ARE MAINTAINED FOR ELECTRIC, SEWAGE, TELECOMMUNICATIONS AND PUBLIC HEALTH ENTITIES IN ORDER TO MAINTAIN LOW RATES. REVENUES FROM TAX PAYMENTS BY STATE-OWNED ENTITIES ARE EARMARKED FOR PRIMARY EDUCATION EXPENDITURES. PRINCIPAL TAX BURDEN FACED BY COMPANIES IN MEDIUM TERM EXPECTED TO BE IN CUSTOMS DUTIES SINCE MOST SHOW LOSS OPERATIONS. HOWEVER, LOPEZ HAS OFTEN PROMISED TO PUSH FOR GREATER EFFICIENCY, AND EXTENSIVE REVISIONS IN OPERATING PROCEDURES MAY ALSO RESULT.

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2) SECOND DECREE GIVES NATURAL GAS PRODUCTION SAME LEGAL

STRUCTURES AS PETROLEUM. MAJOR OBSTACLE TO DEVELOPMENT OF LARGE TEXACO-ECOPETROL GAS FIELD IN GUAJIRA WAS FACT THAT OPERATION SUBJECT TO NORMAL FOREIGN EXCHANGE PROVISIONS OF DE CREE 444. UNDER NEW PROVISION TEXACO CAN RECEIVE ITS SHARE OF SALES 75 PERCENT IN DOLLARS AND 25 PERCENT IN PESOS WITH NO REMITTANCE RESTRICTIONS. GOC HAD PREVIOUSLY BEEN HESITANT TO PRESENT BILL TO CONGRESS BECAUSE OF CONCERN OVER NATIONALISTIC SENTIMENT. ONLY REMAINING OBSTACLE TO GAS PRODUCTION IS PRICE QUESTION BUT TEXACO EXPECTS LITTLE DIFFICULTY ONCE FEASIBILITY STUDIES ARE COMPLETED. (SEE BOGOTA A-77)

3) GOC IN SEPARATE DECREES, NOT BASED ON EMERGENCY POWERS, ANNOUNCED PRICE FREEZE ON DRUGS, SCHOOL TUITIONS, AND SCHOOL SUPPLIES AND BOOKS.
VAKY

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Message Attributes

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